

south carolina

peba

state health plan | retirement systems


Serving those who serve South Carolina

Covered Employer Training Program

The Retirement Process

FY 2016

Retirement eligibility requirements - Class Two



South Carolina Retirement System (SCRS)*:

- Normal retirement (unreduced benefits)
 - Age 65; or
 - 28 years of service credit
- Early retirement (reduced benefits)
 - Age 60; or
 - Age 55 or older with 25 years or more of service credit


Police Officers Retirement System (PORS)*:

- 25 years of service credit regardless of age, or
- Age 55 or older

**Must have at least five years of earned service.*

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Retirement eligibility requirements - Class Three



South Carolina Retirement System (SCRS):

- Normal retirement (unreduced benefits)
 - Age 65 with at least eight years of earned service, or
 - Rule of 90: age and years of service must add up to 90
 - Example: 56-year-old member who has at least 34 years of service, would be eligible for normal retirement (56 + 34 = 90)
 - Must have at least eight years of earned service
- Early retirement (reduced benefits)
 - Age 60 or older, with at least eight years of earned service
 - 5 percent reduction for each year member retires before age 65

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Retirement eligibility requirements - Class Three



Police Officers Retirement System (PORS):

- Must have at least eight years of earned service
- 27 years of service credit regardless of age, or
- Age 55 or older

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SCRS retirement application



• Member submits:

- *Application for Service Retirement Benefits (SCRS) (Form 6101S)*
- Driver's license or state issued identification card
- Copy of birth certificate and beneficiary's birth certificate if choosing a survivor option.
- *Pension Withholding Certificate for Monthly Annuity Payments (Form 7202) and Electronic Funds Transfer Authorization for Annuities (Form 7204)*

• Employer submits:

- *Employer Certification of Last Day Paid through EES*

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PORS retirement application



• Member submits:

- *Application for Service Retirement Benefits (PORS) (Form 6101P)*
- Driver's license or state issued identification card
- Copy of birth certificate and beneficiary's birth certificate if choosing a survivor option.
- *Pension Withholding Certificate for Monthly Annuity Payments (Form 7202) and Electronic Funds Transfer Authorization for Annuities (Form 7204)*

• Employer submits:

- *Employer Certification of Last Day Paid through EES*

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Retiree beneficiaries



- Retiree beneficiaries are designated on the retirement application
 - **Section II**
 - Recipient for monthly survivor annuity or refund of contributions
 - **Section III**
 - Recipient for incidental death benefit

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Retiree trust beneficiaries



- If member wants to designate a trust as beneficiary:
 - Notice the box in Section II
 - See example in appendix of how to complete the retirement application properly for a trust beneficiary.
 - Member must also submit a *Certification of Trust* (Form 1113) with the application.

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Service retirement process



- Retirement benefits are not automatic; members must submit a retirement application.
- Member must be within six months of the date of retirement to submit application.
- All service purchases must be paid in full prior to retirement date.
- Date of retirement cannot be more than 90 days retroactive to date PEBA receives application.

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Teacher and Employee Retention Incentive (TERI) Program



- Only active SCRS Class Two members eligible to retire may participate in TERI program
- Monthly annuity payments are held in escrow without interest
- Retiree does not receive additional service credit during TERI participation period
- Participants remit contributions as a working retiree
- Participants must terminate employment at end of their TERI period

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TERI program



- After termination, retiree receives accumulated TERI balance and begins receiving his monthly annuity
- Average final compensation recalculated at the end of TERI to include payment for unused annual leave paid at termination
- TERI program ends for all participants June 30, 2018
- See *TERI Program Reminders* ([Form 6376](#)).

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Ending TERI participation



- If participant ends TERI period before original scheduled date, PEBA must be notified of early termination
- You or employee can notify PEBA via phone or email
- PEBA will mail to the employee:
 - *TERI Payout Election* ([Form 7500](#));
 - *Pension Withholding Certificate for Monthly Annuity Payments* ([Form 7202](#)); and
 - *Electronic Funds Transfer Authorization for Annuities* ([Form 7204](#)).

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Ending TERI participation



- You must submit the *TERI Termination Certification* through EES, which is used to receive annual leave information and final TERI payroll information.

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Disability retirement benefit



- If eligible for service retirement, member may submit service retirement application at the same time as disability application
- If approved for disability benefits, annuity would revert to the higher amount.
- A disability retiree can choose payment Option B without any beneficiary age restrictions.

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Disability application filing



- PEBA must receive application within 90 days of terminated employment date
- Employer may submit application on behalf of the member, but cannot select payment plan or designate beneficiaries
- In urgent cases, fax application to Customer Service Annuity Claims Unit at 803.737.7752
- Signed application from member selecting payment plan and designating beneficiaries must still be submitted

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Disability application



• Completed by member:

- Form 6151P and Form 6151S for SCRS ONLY
- Form 6251
- Form 6255
- Form 7202
- Form 7204
- Form 6352

• Completed by employer:

- Form 6201-
- Form 6253 and Form 6253 for SCRS ONLY
- Form 6254
- Form 6352

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SCRS disability retirement benefit



• Member must first be approved for disability benefits from federal Social Security Administration:

- generally requires an incapacity to perform any gainful occupation

• PEBA must receive the disability retirement application (Form 6151S) within 90 days of member's date of termination from covered employment

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SCRS disability retirement benefit



• Must have at least five years (Class Two) or eight years (Class Three) of earned service unless the disability is the result of a job-related injury.

• Once a copy of the Social Security Award letter is provided to PEBA:

- Member's SCRS disability annuity will be effective the later of the disability onset date established by the Social Security Administration or the day after termination from covered employment
- Retroactive benefits will be paid back to the later of these two dates

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SCRS disability retirement benefit



- If the onset date for Social Security disability benefit is more than one year after the termination of covered employment, the member will not be eligible for SCRS disability retirement benefits.
- Benefit calculation is based on member's actual credited service and average final compensation as of the date of retirement, with no projection of additional service credit.

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SCRS disability retirement benefit



- If member is not yet age 65, he must provide a document indicating his continued receipt of Social Security disability benefits to PEBA each year in order to continue to receive SCRS disability retirement benefits.

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PORS disability retirement benefit



- Member must be permanently physically or mentally incapable of performing the regular duties of his job.
- Member must have at least five years (Class Two) or eight years (Class Three) of earned service if the injury is not job-related.
- A medical board of three physicians reviews all initial and continuing PORS disability claims and makes the initial agency recommendation on those claims.

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PORS disability retirement benefit



- Projection of service credit used to calculate a benefit is limited to the service necessary to reach age 55 or 25 years of credited service, whichever is less, rather than projecting credit to age 55 in all cases.
- Reexamination may be required:
 - once each year during the first five years following a disability retirement, and
 - once every three years thereafter, for any disability retiree who has not yet reached age 55

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Average final compensation (AFC)



- SCRS and PORS Class Two members:
 - Average of 12 highest consecutive quarters of earnable compensation
- SCRS and PORS Class Three members:
 - Average of 20 highest consecutive quarters of earnable compensation
- SCRS Class Two and Three members:
 - Earnable compensation does not include pay for overtime not mandated by the employer

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Payment plan Option A example



- Step 1 • Total 12 or 20 highest consecutive quarters of earnable compensation and divide by 3 or 5 to determine your average final compensation
- Step 2 • SCRS members multiply the result of Step 1 by 1.82%.
• PORS members multiply the result of Step 1 by 2.14%
- Step 3 • Multiply the result of Step 2 by years, months, and days of creditable service.
- Step 4 • Divide the result of Step 3 by 12 for your gross monthly Option A annuity amount.

Early retirement penalties and/or reductions may apply to SCRS members. Reduction factors will apply to members who select a joint retiree/survivor payment plan (Option B or Option C).

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Payment plan Option A example



AFC = \$30,000			
SCRS	$\$30,000 \times 1.82\% =$	\$	546
	$\$546 \times 28 \text{ years} =$	\$	15,288
	$\$15,288 \div 12 =$	\$	1,274.00
PORS	$\$30,000 \times 2.14\% =$	\$	642
	$\$642 \times 25 \text{ years} =$	\$	16,050
	$\$16,050 \div 12 =$	\$	1,337.50

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Unused leave at retirement



- Class Two members:
 - An amount up to and including 45 days' pay for unused annual leave from your last termination payment included in AFC calculation
 - Service credit for up to 90 days of unused sick leave from last employer
- Class Three members:
 - Annual leave payouts are not included in AFC and unused sick leave is not included in service credit

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Retirement payment options



- Option A: retiree only
- Option B: 100%-100% joint retiree-survivor monthly annuity plan (*non-spousal age restrictions apply*)
- Option C: 100%-50% joint retiree-survivor monthly annuity plan

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Changing payment option after retirement



- If all beneficiaries predecease the retiree, the annuity reverts to Option A effective on the date the last beneficiary died.
- If the retiree has a change in marital status, he may select a new beneficiary(s) under Option B or C and/or a new payment plan within five years of the change in marital status. The change is effective the first of the month in which the form is received.

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Returning to covered employment



Service retirees

- Member must have a bona fide termination from covered employment in order to receive a retirement benefit
- Retired member who is rehired into covered employment sooner than 30 consecutive calendar days after retirement, will have retirement benefit suspended while he remains so employed
- TERI participation counts toward the 30 days retirement requirement
- At the end of TERI participation, member must still have a bona fide severance of employment before being rehired into covered employment

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Returning to covered employment



Disability retirees

- May return to covered employment after a bona fide 30 consecutive calendar day separation from service
- Are subject to an earnings limitation equal to the difference between the adjusted AFC and amount of annual disability annuity he receives from PEBA
- Earnings limitation is based on a calendar year
- A letter is sent every February detailing the amount of the year's earnings limitation for public and private employment

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Returning to covered employment



SCRS disability retirees

- must annually establish continued approval for Social Security disability benefits to continue receiving an SCRS disability retirement annuity
- any post-retirement employment that causes loss of Social Security disability benefits will also result in the discontinuance of the SCRS disability retirement annuity

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Returning to covered employment



- Complete *Notification of Employed Retiree Form 1114* if the employee is receiving a disability annuity.

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Returning to covered employment



SCRS and PORS

- Members must be retired for at least 30 consecutive calendar days prior to being rehired
- \$10,000/year earnings limitation
- Earnings limitation does not apply to:
 - members who retire after age 62 (SCRS) or age 57 (PORS)
 - members who retired prior to January 2, 2013
 - earnings under the TERI Program
 - members in elected and certain appointed positions

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Returning to covered employment



- If a retiree returns to covered employment and works 48 continuous months for a covered employer with an annual salary of at least 75 percent of the AFC used to calculate his retirement annuity, the retiree may again join a retirement plan administered by PEBA as an active member.

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Qualified Domestic Relations Order (QDRO)



- Court order that gives a former spouse the right to a portion of a member's retirement benefits
- Outlines how to disburse the money in the event that the member retires, withdraws his contributions, or dies
- Divorce decree is not a QDRO
- Attorneys may view a model QDRO and QDRO guidelines on website

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Determining member's monthly annuity



- Perform a benefit estimate for the member by logging into the Electronic Employer Services ([EES](#)) website.
- Enter the member's Social Security number where indicated for READI.
- Click "Benefit Estimate" and follow the prompts.

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Summary quiz



- Can a member accrue more service credit after he retires?
- If a member is active in SCRS and PORS, can he retire in one system and continue working and accruing service credit in the other?

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Disclaimer



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Questions



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